

Proposal: 1748 (AG15) Regulation II - Debit Card Interchange Fees and Routing

Description:

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From: First Bank, Andrew M. Couse

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Subject: R-1748; Regulation II - Debit Card Interchange Fees and Routing

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Comments:

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Proposal: Debit Card Interchange Fees and Routing [R-1748]

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Your comment: First Bank supports the Board's efforts to clarify Reg II. We believe in and support the intent of the original proposal to support choice and flexibility in transaction routing. Visa and Master Card continue to attempt to undermine routing choice with proprietary technologies or network rules and restrictions that leave their networks as the only routing option for many types of transactions. Visa & Master Card routed transactions are the most expensive transactions for both the acquiring merchant and for First Bank. First Bank has a much cheaper network option available on our debit cards. This is a less costly option for both the Merchant and First Bank. However, this unaffiliated network is generally shut out of most card-not-present transactions. Traditionally, card-not-present was only possible on the old credit card networks (Visa, Master Card etc.) These also used to be known as the "Signature" authorized networks. The traditional PIN based networks used to only support a PIN authorized single message transaction. Visa and Master Card would love for the Board and the public-at-large to consider "Card-Not-Present" and "Dual-Message" synonymous and interchangeable. If that perception persists it enables them to maintain near exclusive control over the ability to process Card-Not-Present transactions. This is counter to the intent of Reg II. The traditional PIN-based debit networks all have the ability to process Card-not-Present, as well as, process dual-message transactions. The Board should clarify that Reg II restrictions on exclusivity apply to all debit transaction types and technologies related to a debit transaction (e-wallet, fobs, phones and tokens etc).